

## **Supply Considerations**

### **Deciding what to sell overseas**

Deciding what can be sold overseas depends on a host of variables. Items to be considered include: what is being produced now, access to timber resources with respect to species, quality, and quantity, access to processing facilities, transportation, proximity to ports, and how adaptable current operations are to cutting special orders or scheduling the mill to cut or produce for export markets. Success in the export market may involve adapting production facilities to produce to foreign grades and specifications.

### **Deciding where to sell overseas**

It is imperative that firms interested in exporting take time to research the markets where they're interested in selling their products. By building a knowledge base about different countries, the new exporter will be able to pinpoint those countries that are most suited to the products they produce. Once a slate of target countries has been chosen, become knowledgeable about those countries and develop a consistent pattern of trade contacts with importers in those countries. Nurturing a commitment to marketing in one or two countries before branching out can help pinpoint a firm's strengths, weaknesses, and limitations in serving export markets. Once the new exporting firm's expertise develops they

may feel confident in testing new markets and products, and in diversifying their export market portfolio.

**Pricing products  
for export**

Table 2 on page 7 outlines the elements of a price quote for each stage through which products move as they pass from the mill to the port of destination overseas. The quote basis used, such as free-on-board (f.o.b.) vessel or cost, insurance, and freight (c.i.f.) named port overseas, will depend on the arrangement negotiated with the importer. A price quote that more closely reflects the cost of goods delivered to the importer's yard has a much better chance of being negotiated and accepted than a quote based on delivery to the U.S. port prior to export. Quotes should include information on shipping arrangements and dates, payment terms, and total weights and/or volume (in metric). The actual price quote will include these elements but will be influenced by foreign import demand, freight rates, insurance costs, domestic supplies, and proximity to exporting facilities and ports.

Quotes based solely on domestic U.S. prices plus additional transportation, handling, and insurance costs may or may not be acceptable in international trade. This depends on the negotiations between the U.S. exporter and the foreign buyer. Current

benchmark or average prices for specific species and grades of forest products in international trade may be obtained from the publications and newsletters outlined in this handbook.

In the United States, forest products are bought and sold according to weight and/or volume designations such as 1,000 board feet, 1,000 square feet, or 1,000 linear feet. In foreign countries, common volume units in the wood trade are 1,000 cubic meters, 1,000 square meters, and metric tons.

The exporter must be familiar with converting U.S. volume measurements to the metric system. Forest products volume conversion ratios and methods are shown in appendix IX. Shipping weights and volumes for a number of products and species are shown in appendix X.